

Business support services

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The business support services industry, a major component of which is believed to consist of telephone call centres, has been one of the fastest growing industries in Canada over the past two decades (see *Data source and definitions*). Its phenomenal growth—from a mere 20,000 employees in 1987 to 112,000 in 2004—can be attributed to several factors. These include the significant advances made in information and telecommunications technology, especially low-cost digital technology; growing proliferation of the computer and the Internet; increased telemarketing; and changes in business practices, including more outsourcing and contracting-out.

Two recent events related to telephone call centres have thrust the industry into the limelight. On the negative side, nuisance and privacy complaints from the public as a result of unwanted calls, especially at dinner time, have led to demands for legislation to limit such calls—as in the United States.¹ On the other hand, the industry's role in generating donations in response to the recent Asian tsunami disaster has served to enhance its image.² Another reason for interest in the industry is the perpetual good job versus bad job debate, and the contention that ongoing economic restructuring toward service-sector industries such as business support tends to favour faster growth of low-wage jobs.

Despite the role the industry plays in our private and business lives, as well as its recent prominence in public debates, statistical profiles of the industry's rapid growth and the characteristics of its workers and jobs have been rare.³ As a result, public perceptions of the industry have been formed by and large around anecdotal evidence. Using the Labour Force Survey (LFS), this study provides statistical evidence to address these perceptions as well as to provide material for the good job versus bad job debate.

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Facts about business support services

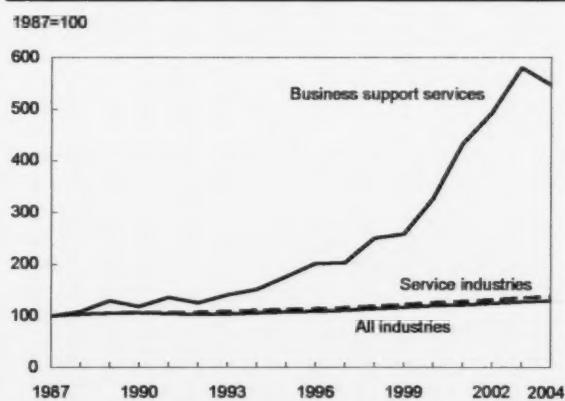
Rapid employment growth

Between 1987 and 2004, employment in this industry increased more than fivefold (447%), from 20,000 to 112,000.⁴ This far exceeded the 37% rise in all service industries (from 8.7 to 12.0 million) and the 29% rise (from 12.3 to 15.9 million) in overall employment (Chart A). The drop in the business support industry from 2003 to 2004, the first since 1992, occurred as overall employment and service-sector employment were rising. Could this indicate that employment in the business support industry has peaked? Perhaps, but the large decline (-7.8%) in 1992 was followed by an even larger increase (12.4%) the following year.

Employment growth concentrated in Atlantic Canada

Technological advances have made it possible to locate business support offices in areas far from clients. It is no wonder then that many firms have found

Chart A: Business support services outstripped overall employment growth.



Source: Labour Force Survey, 1987 to 2004

Table 1: Characteristics of workers

	All Industries	Business support services	Service sector
'000			
Employed	15,949.7	112.0	11,957.0
		%	
Both sexes	100.0	100.0	100.0
Men	53.2	36.6	45.4
Women	46.8	63.4	54.6
Age	100.0	100.0	100.0
15 to 24	15.4	31.1	16.7
25 to 54	71.5	62.7	70.2
55 and over	13.1	6.2	13.1
Education	100.0	100.0	100.0
Less than grade 9	3.1	F	2.3
Some high school	11.2	7.5	10.2
High school graduate	20.3	25.1	19.1
Some postsecondary	10.0	16.9	10.5
Postsecondary certificate or diploma	34.1	33.5	33.5
University degree	21.2	16.5	24.5
Job status	100.0	100.0	100.0
Full-time	81.5	83.5	77.3
Part-time	18.5	16.5	22.7
Student status, age 15-64	100.0	100.0	100.0
Students	8.1	8.9	9.7
Full-time	5.5	6.0	6.8
Part-time	2.6	2.9	2.9
Non-student	91.9	91.1	90.3
Job tenure	100.0	100.0	100.0
1 to 12 months	20.8	40.2	21.6
1 to 5 years	31.8	44.7	33.1
5 to 10 years	16.9	8.9	16.6
10 to 20 years	17.9	4.4	17.6
Over 20 years	12.5	1.8	11.2
Class of worker	100.0	100.0	100.0
Employees	84.6	89.9	85.0
Self-employed including unpaid family worker	15.4	10.1	15.0
Average hours, main job			
Actual	33.3	31.2	31.7
Usual	36.5	35.2	35.0

Source: Labour Force Survey, 2004

Data source and definitions

The Labour Force Survey (LFS) is a monthly survey of over 52,000 households or 100,000 individuals, excluding persons in institutions, the Armed Forces, and the territories.

The business support services industry (NAICS 2002, code 5614), consists of establishments primarily engaged in providing services such as preparing documents (code 56141), operating telephone call centres (code 56142), operating business service centres (code 56143), collecting unpaid claims (code 56144), providing credit information (code 56145), and providing other business support (code 56149).

Because the LFS does not provide data below the 4-digit code level, it is not possible to obtain information for each of the six 5-digit industry sub-components. However, discussions with industry experts suggest that telephone call centres constitute the biggest industry sub-group under code 5614, and serve as a centre for all or most of the services listed at the 4-digit code level.

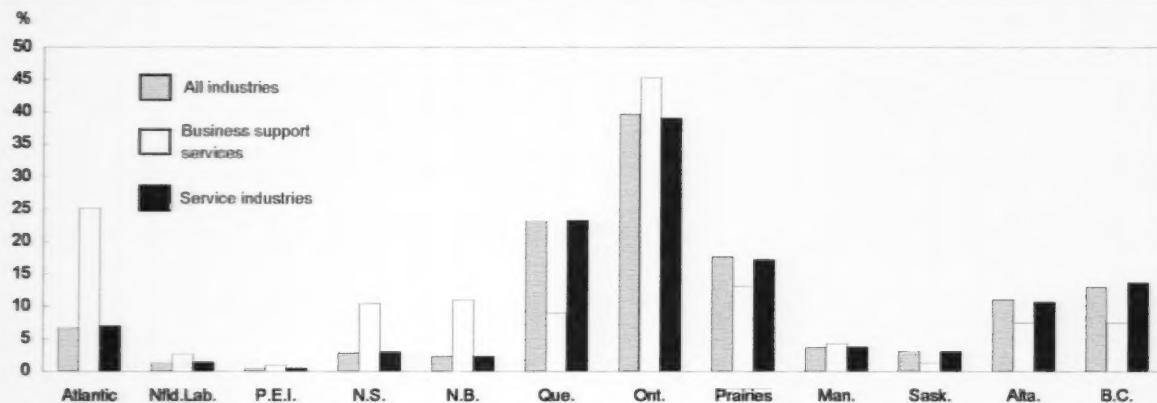
Telephone call centres are establishments primarily engaged in receiving and/or making telephone calls for others. These establishments are engaged in activities such as soliciting or providing information, promoting products or services, taking orders, and raising funds. This industry also includes establishments primarily engaged in answering telephone calls and relaying messages to clients, and establishments primarily engaged in providing voice mailbox services.

Comparing LFS and census data

For both the LFS and the census, the most disaggregated industry data provided are at the 4-digit code level. Data from the two sources show similar employment counts and socio-demographic composition for the business support services industry. For example, the LFS estimated 2001 annual average employment in the industry at 88,000, compared with a 81,000 total in May 2001 from the census. Both the LFS and the census estimated women's share of the industry's employment at 63%. The two sources also estimate similar shares for several other variables including geographical, part-time versus full-time, and employee versus self-employment splits.

it attractive to locate in areas with persistently higher unemployment.⁵ In 2004, for example, about a quarter of all employment in the industry was in Atlantic Canada, notably Nova Scotia and New Brunswick. This compared with the region's 7% share of total employment in both the service-producing industries as a whole and in all industries combined (Chart B).

Close to half was located in Ontario, and only 9% in Quebec. Share gains in Atlantic Canada in recent years appear to have come at the expense of declines in Quebec, the Prairies and British Columbia. Between 1990 and 2004, Atlantic Canada's share rose from a mere 5% to 25%. Meanwhile, Quebec fell from 26% to 9%, the Prairies from 17% to 13%, and British Columbia from 11% to 8%.⁶ Ontario's share remained above 40% throughout the period.

Chart B: After Ontario, the Atlantic region had the largest share of business support employment.

Source: Labour Force Survey, 2004

Large workplaces

Business support workplaces tend to be larger than average. In 2004, about 65% of industry employees could be found in workplaces of 100 or more workers, much higher than the corresponding 31% found in all service industries or the 34% in all industries combined (Table 2).

Women and youth over-represented

A disproportionately large share of jobs in the industry are held by women (63% in 2004), compared with the all-service-industry rate of 55% and the overall rate of 47% (Table 1). Youths (aged 15 to 24) made up almost one-third of jobholders in business support services—twice the rate found for all service industries (17%) and for all industries combined (15%).

Low unionization

Only 5% of the industry's employees were unionized or had collective agreement coverage in 2004 (Table 2). The levels were almost seven times higher for employees in all service industries and in all industries combined (about 34% each).

Generally low wages

In 2004, workers in the industry earned on average \$12.45 an hour, much less than the service sector average of \$18.10 and the overall average of \$18.50

(Table 2). Indeed, about 29% of business support workers earned less than \$10 an hour in 2004, much higher than the 22% for all service industries and 19% for all industries combined.

Short job tenure

In 2004, 85% of workers had tenure of five years or less (Table 1). The comparable percentages were 55% for all service industries and 53% for all industries combined. Several factors are at work here, principally the relative youth of business support services. Also, the generally low wages likely contribute to high labour turnover.

Myths about business support services

Less educated workers

Educational attainment among workers in the industry is similar to that found in all industries and in all service industries. In 2004, approximately 67% of all business support workers had some postsecondary education or higher. The comparable figures were 65% for workers in all industries and 69% for those in all service industries (Table 1). This is in line with the general increase in education levels among all workers and the growing demand for higher education irrespective of industry.

Table 2: Characteristics of jobs

	All industries	Business support services	Service sector
Employees	13,497.9	100.7	10,166.5
		'000	%
Union coverage	100.0	100.0	100.0
Union member or covered by collective agreement	34.1	5.2	34.1
Non-unionized	65.9	94.8	65.9
Job status	100.0	100.0	100.0
Permanent	87.2	90.1	86.6
Temporary	12.8	9.9	13.4
Firm size	100.0	100.0	100.0
Under 20 employees	33.1	13.4	35.4
20 to 99 employees	32.9	21.8	33.9
100 to 500 employees	21.3	38.6	18.8
Over 500 employees	12.6	26.1	11.9
Earnings	100.0	100.0	100.0
\$0.01 to \$9.99	18.7	29.0	21.7
\$10.00 to \$13.99	19.1	47.2	19.1
\$14.00 to \$19.99	25.4	15.4	24.4
\$20.00 and over	36.8	8.4	34.9
Average hourly earnings (\$)	18.50	12.45	18.10

Source: Labour Force Survey, 2004

Mostly part-time jobs

The incidence of part-time work among business support workers (17% in 2004) was in fact slightly lower than that found among workers in all industries (19%) or in all service industries (23%) (Table 1). Indeed, average weekly hours actually worked in 2004 in business support services and in all service-producing industries were virtually identical, at around 31. The figure for all industries combined was only slightly higher, at 33.

Mostly temporary jobs

In fact, only 10% of business support workers held a temporary job in 2004 (Table 2). This was lower than the proportion found among workers in all industries or in all service industries (13% each).

Students over-represented

Although its youthful workforce could indicate a large student presence, the business support industry employs similar proportions of students as other industries (Table 1). Students accounted for only 9% of business support workers in 2004, about the same as for all service industries (10%) and for all industries (8%).

Self-employment rare

About 10% of all business support workers in 2004 were self-employed. The comparable proportions for workers in all industries and in all service industries that year were higher, at 15% each (Table 1). Since the LFS data cannot be disaggregated beyond the 4-digit level, it is impossible to ascertain the distribution of self-employment in the six industry subcomponents.

Conclusion

Technological advances and new modes of sales and service delivery underlie the phenomenal growth of employment in business support services over the past two decades. Furthermore, since these enterprises can operate at long distance from their customers, regions of the nation with high unemployment such as Atlantic Canada have particularly benefited.

Women and youth are over-represented in the industry, which has a low rate of unionization. Wages are generally low, despite respectable levels of education among the workers. Not surprisingly, turnover is relatively high.

The common perceptions that the industry has a relatively higher concentration of part-time and temporary jobs, a higher student-worker ratio, or a high concentration of less educated workers are not corroborated by the data.

The year 2004 marked the first employment drop since 1992 in an industry that has recorded spectacular annual job gains. Whether this is just a blip or a sign of peaking employment is still too early to tell.

Perspectives

■ Notes

- 1 Recent legislation in the United States offers households the option of being taken off the list of names and addresses used by telephone call centres. Contravention of the law invokes severe fines.
- 2 Telephone call centres were not the only players in soliciting funds for relief of the victims of the December 2004 tsunami. Others included various levels of governments; societies; and religious, charitable and advocacy groups. The Internet and the media were also widely used for fundraising.
- 3 In a 2000 study for the Status of Women, a case study approach was used to explore issues surrounding call centres. For more information see R. Buchanan and S. Koch-Schulte, *Gender on the Line: Technology, Restructuring and the Reorganization of Work in the Call Centre Industry*. Status of Women. September 2000.
- 4 The years 1987 and 2004 were chosen for this study for two reasons. The former marks the earliest year for which LFS NAICS 2002 data are available; and 2004, the latest year for which LFS data are available.
- 5 Indeed, to stem the flow of call-centre jobs to cheap, labour-abundant countries such as China, India, and Mexico, legislators in the United States are considering passing laws that will discourage American companies from setting up call centres in other countries.
- 6 It is not clear why Quebec's employment share is this low or why it has fallen over the years.